

Miami-Dade County Board of County Commissioners

Office of the Commission Auditor

Legislative Analysis

**Community Empowerment & Economic
Revitalization Committee**

Tuesday, May 10, 2005
2:00 PM
Commission Chamber

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Commission Auditor

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**Miami-Dade County Board of County Commissioners
Office of the Commission Auditor**

Legislative Analysis

**Community Empowerment & Economic Revitalization Committee
Meeting Agenda
May 10, 2005**

Written analyses for the below listed items are attached for your consideration in this Legislative Analysis.

Item Number(s)

3(A)
3(E)
3(F)
4(B)
4(I)
4(J)

If you require further analysis of these or any other agenda items, please contact Gary Collins, Acting Chief Legislative Analyst, at (305) 375-1826.

Acknowledgements--Analyses prepared by:
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LEGISLATIVE ANALYSIS

AMENDMENTS TO THE COMMUNITY SMALL BUSINESS ENTERPRISE (CSBE) PROGRAM ORDINANCE.

Business Development

I. SUMMARY

This amendment to Section 10-33.02 of the Miami-Dade County Code pertaining to County construction contracts and the Community Small Business Enterprise (CSBE) Program will implement the following:

- Expand the financial assistance services to include short-term loans guaranteed by the County;
- Increase eligibility of Level II and Level III CSBE firms to compete for smaller specialty trade contracts by allowing them to bid on contracts above \$50,000 (previously were not able to bid on anything below \$750,000); and
- Include "Material and Debris Hauling" as part of construction related trades.

II. PRESENT SITUATION

The CSBE Advisory Board would like to expand Level II & III firm's opportunities to compete for CSBE set-aside contracts. This is because once a firm goes from the Level I category to a Level II or III category their opportunities decline drastically.

Currently, the majority of contracts that are set-aside for participation by CSBE's and the majority of the 7040 Miscellaneous Construction Contracts are awarded to Level I CSBE firms. This is due in part to the dollar amount of these contracts falling below \$750,000. The certification size standards and contracting participation levels will remain unchanged.

- According to staff, Level II and Level III CSBE firms participate in under 25% of all construction contracts and less than 1% of specialty trades contracts.

III. POLICY IMPLICATIONS

CSBE Firm Participation

The proposed amendments would allow the larger (Level II and III) CSBE firms to compete for smaller specialty trade contracts above \$50,000, which they could not bid on before.

Financial Aspect

The County would be the Guarantor for low to moderate risk firms in order to enable them to have a better opportunity to get loans. Direct County financial assistance to CSBE's was considered, but was not recommended because assisting them to obtain commercial loans would establish relationships with a financial institution and strengthen credit history.

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IV. ECONOMIC IMPACT

- The County would guarantee 85% and as such would be liable for that percentage in the event of the CSBE Firm going bankrupt etc.
- The collateral for these loans is the actual contract.

V. COMMENTS

- Unintended consequences could be that much fewer contracts would be awarded to the smaller Level I Firms.
- An option to explore is guaranteeing only the Level I Firms loans or in the alternative, Guarantee a lower percentage for the Level II & III Firms.

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LEGISLATIVE ANALYSIS AND ECONOMIC IMPACT STATEMENT

ORDINANCE GRANTING ENTERPRISE ZONE AD VALOREM TAX EXEMPTION UNDER ORDINANCE 96-74 FOR WKL II AND ASSOCIATES, INC. D/B/A DENNY'S RESTAURANT; ORDINANCE GRANTING ENTERPRISE ZONE AD VALOREM TAX EXEMPTION UNDER ORDINANCE 96-74 FOR PUBLIX SUPERMARKETS, INC.

Office of Community and Economic Development

I. SUMMARY

The Office of Community and Economic Development (OCED) recommends that the BCC approve the ordinances granting Enterprise Zone Ad Valorem Tax Exemptions to WKL II and Associates d/b/a Denny's and Publix Supermarket, Inc.

II. PRESENT SITUATION

The Enterprise Zone Ad Valorem Tax Exemption was authorized by this Board through Ordinance 88-27 and revised under Ordinance 96-74. To be eligible for the exemption, a new or expanding business must create a minimum of five (5) new full-time jobs. If 20% or more of the company's employees are residents of an Enterprise Zone, the exemption for that year will be 100% of the assessed value of all improved real property or tangible personal property. If the company does not meet the 20% rule then its exemption will be limited to 50% of the assessed value. OCED will monitor the firm's compliance during the life of the exemption.

III. POLICY CHANGE AND IMPLICATION

None.

IV. ECONOMIC IMPACT

	3E	3F
	WKL II d/b/a Denny's Restaurant	Publix Supermarkets, Inc.
Total new investment	\$2,100,000	\$4,900,000
Projected new jobs	8	45
Term	5 years	5 years
Exemption per year	\$4,473.19	\$28,767.45
EZ employees	3 (37.5%)	14 (31%)
Non-Miami-Dade EEs	2	2

V. COMMENTS AND QUESTIONS

None.

May 10, 2005**LEGISLATIVE ANALYSIS AND ECONOMIC IMPACT STATEMENT*****SALE OF FIFTY (50) COUNTY-OWNED LOTS FOR INFILL HOUSING BIG NO. 7
AND RE-AWARDING OF SIX LOTS FOR INFILL HOUSING BID NO. 6.***

General Services Administration Department

I. SUMMARY

This resolution facilitates the sale of 50 parcels of land divided by location to five companies for a total of \$920,698. Each parcel must be developed into affordable housing according to the guidelines of the Infill Housing Initiative. This resolution also awards six parcels of land from Invitation to Bid No. 6 to American Constructions & Financing Corp. for \$25,500 because the original bid winner withdrew from the sale. This item further recommends that all County liens be released on said properties.

II. PRESENT SITUATION

Presently, American Construction & Finance Corp. was the next highest bidder from Invitation to Bid No. 6 following the withdrawal of Atlantic Ventures Realty, LLC.

Company	Number of lots from Invitation to Bid No. 7	Number of lots from Invitation to Bid No. 6
American Construction & Financing Corp.	2	6
Lancaster Homes & Construction	35	-
Kiawah Properties Corp.,	4	-
Affordable Housing Programs Inc.,	3	-
Rosewood Housing LLC.	6	-

III. POLICY CHANGE AND IMPLICATION

This item is consistent with current County policy regarding infill housing and the re-awarding of bids.

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IV. ECONOMIC IMPACT

The economic impact associated with this item is consistent with the County's Infill Housing Initiative.

V. COMMENTS AND QUESTIONS

None.

LEGISLATIVE ANALYSIS AND ECONOMIC IMPACT STATEMENT

*RESOLUTION ACCEPTING THE FINDING OF NECESSITY STUDY FOR THE
BISCAYNE CORRIDOR AREA AND APPROVING THE PREPARATION OF A
COMMUNITY REDEVELOPMENT PLAN.*

Office of Community and Economic Development

I. SUMMARY

The Board of County Commissioners (BCC) directed the County Manager in July 2004 to prepare a Finding of Necessity study as required by the Community Redevelopment Act of 1969 (the "Act") for the Biscayne Corridor area.

- Miami-Dade County Procurement issued a contract to Curtis & Kimball to prepare the aforementioned study.
- The study concluded that slum and blight does exist in this area.

II. PRESENT SITUATION

The Act authorizes counties and municipalities in the State of Florida to create community redevelopment agencies and to prepare redevelopment plans for certain defined areas. The purpose of these redevelopment projects is to prevent and possible eliminate the development of slum and blighted areas.

The Act also authorizes the County to delegate redevelopment after a finding has been made determining that slum or blight exists, according to the Finding of Necessity study:

- **Biscayne Corridor** area slum and blight exists in the form of inadequate street layout, parking facilities, roadways, bridges or public transportation facilities; faulty lot layout in relation to size, adequacy, accessibility or usefulness; unsanitary and unsafe conditions; deterioration of site or other improvements.

III. POLICY CHANGE AND IMPLICATION

In order for the County to proceed with Community Redevelopment, the Board must adopt the Finding of Necessity Report and approve the respective Community Redevelopment Plan.

IV. ECONOMIC IMPACT

Miami-Dade County staff has reviewed the reports and submitted them to the Tax Increment Financing and Coordination Committee for further review. The County's Tax Increment Financing Coordinating Committee reviewed the Finding of Necessity report and recommended its acceptance by the Board.

V. COMMENTS AND QUESTIONS

None.

LEGISLATIVE ANALYSIS AND ECONOMIC IMPACT STATEMENT

RESOLUTION AUTHORIZING THE AWARD OF AGREEMENTS TO OPERATE MICRO LOAN PROGRAM, AMENDING THE CDBG FY 2002 AND 2004 ACTION PLANS, AND AUTHORIZING \$274,572 IN CDBG FY 2005 FUNDING FOR THE PROGRAM.

Office of Community Economic Development

I. SUMMARY

This resolution authorizes the County Manager to contract Partners for Self-Employment, Inc. (Micro Business USA) and Accion USA to administer the county's micro-loan program. This resolution also reallocates \$325,428 in recaptured funds from the 2002 and 2004 micro-loan programs to the fiscal year 2005 micro-loan program. Total of both contracts (including recaptured funds): \$600,000

- **Partners for Self-Employment, Inc. (Micro Business USA)** will receive \$400,000 to administer the program
- **Accion USA** will receive \$200,000 to administer the program
- *Contract term: 1 year, renewable for up to 5 years on an annual basis*

II. PRESENT SITUATION

Partners for Self-Employment, Inc. d/b/a Micro Business USA was selected in 1999 to administer the county's microloan program after a competitive process. That one-year contract, with five annual options to renew, expired in 2004.

In a January 2005 Request For Application (RFA) process, Partners for Self Employment, Inc. and Accion USA were the two companies who scored the highest.

III. POLICY CHANGE AND IMPLICATION

This item is consistent with county policy regarding the RFA process and the micro-loan program.

IV. ECONOMIC IMPACT

The program is being funded with CDBG dollars.

V. COMMENTS AND QUESTIONS

The County's micro-loan program is popular among local entrepreneurs and small businesses.

The Federal micro-loan program, which is administered by the Small Business Administration (SBA), may be shut down completely in October (*see attached article*).

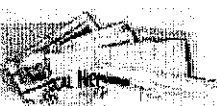
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The Board of County Commissioners passed a resolution in September 2004, urging the President and the United States Congress to restore funding to the SBA Micro-loan program as part of the 2005 federal budget.

America's Newspapers

The Ultimate Newspaper Archive



Paper: Miami Herald, The (FL)

Title: MICROLOANS PROVIDE MASSIVE ASSISTANCE

Date: April 18, 2005

Mariene Ramirez can radically change a person's mood with little more than needle and thread. Since opening an alterations shop in Coral Gables five months ago, she has seen it happen often.

"A customer will come in and say, 'I feel a little fat,' and I'll tell them, 'We'll just bring your dress in here, lengthen it there and you'll look great.' I've always thought this job is about helping people transform," she said.

That's why she named her shop Alter Ego.

But Ramirez's own transformation might not have happened without a microloan - a very small loan designed to jump-start entrepreneurs' businesses.

Just three years ago, she was a Colombian refugee working multiple menial jobs and trying to get someone to believe in her project.

"I went to at least five different banks and they all had their reasons for not lending me money," she said. "Either I didn't have a credit history, or they wanted a two-year employment history. It was always something."

Finally, Ramirez stumbled across a nonprofit called Acción USA, which lent her \$5,200. She used the money to buy two sewing machines and some supplies, and the seeds of Alter Ego were planted.

TAKING ACCION

Acción USA is one of a handful of organizations in South Florida that provide small loans to people with little or no credit history or a checkered financial past.

Since it began operating here in 2003, Acción has given out some 400 loans worth \$1.8 million, said Luz Gomez, the organization's Miami director.

"All of our clients basically don't have access to bank credit," she said. "Maybe they're new immigrants, or have a troubled credit history due to a divorce or a bankruptcy. Or perhaps it's the loan's size; many commercial banks won't consider loans this small."

In coming months, groups such as Acción USA will become increasingly important to fledgling entrepreneurs as the Small Business Administration loses funding for its own microlending program.

In 2004, SBA intermediaries lent \$317,000 to 112 small businesses in South Florida through the micro-loan 7(m) program. But unless Congress passes additional funding, the program will shut down in October, the beginning of the new fiscal year.

"There is duplication and overlap in several of our programs," said Bruce Purdy, the SBA's acting chief of micro-enterprise and development in Washington, D.C. "What the administration is trying to do is consolidate and make sure resources are maximized."

REPLACEMENT PLAN

What the SBA is offering as a replacement is the Community Express Program.

Under that plan, entrepreneurs can borrow up to \$35,000, including \$25,000 without collateral, through SBA-certified lenders. And while the SBA guarantees up to 85 percent of such loans, the catch is that individual banks have to approve them.

And there's the rub, said John Brown, the president and CEO of the Business Loan Fund of the Palm Beaches - a micro-

enterprise lender that counts on the SBA's support.

"The [Community Express] **program** is through banks, and people with imperfect credit are not going to qualify," he said. "That's why we exist, to help people who banks are saying no to."

The **Loan Fund** makes an average of 45 **loans** per year and provides training and technical assistance to an additional 200 to 300 entrepreneurs.

"If we start cutting aid to startups and people who want to expand their business, I think it's going to be chaotic - unless we find another pot of money," Brown said.

SOME PROGRESS

Still, by most accounts, the Community Express **Program** has been a success. Its popularity helped boost SBA **loans** in South Florida by 17 percent during the first half of the fiscal year.

And at a time when the SBA is smarting over accusations that it favors larger companies, the **program's** cap has helped rein in the average **loan** size to \$133,000 - versus \$295,000 just two years ago.

"The number of **loans** are increasing and the size of the **loans** are decreasing," said John Dunn, the assistant director of the SBA's South Florida District Office. "What that tells us is that we're reaching small businesses. . . . We're not too concerned that they haven't funded [the microlending **program**]."

But according to Diane Silverman, the acting director of Florida International University's Institute for Community Innovation, the Community Express **program** misses the point.

"The whole value of microlending is to build low-income people up to the point where they can get money from the banks," she said. "Banks are not going to give these people money otherwise."

Although the SBA didn't help Ramirez launch Alter Ego, it strikes her as odd that private donors seem to be doing more for **micro-entrepreneurs** than the U.S. government.

"It makes me sad to think about people out there who might be struggling to do something with their lives but can't," she said. "For me, having my own business really is the American dream."

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